

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1999-507-C - ORDER NO. 2000-0376
APRIL 25, 2000

IN RE: Application of Credit Loans, Inc. d/b/a Lone) ORDER
Star Telephone Company for a Certificate of) GRANTING
Public Convenience and Necessity to Provide) CERTIFICATE TO
Local Exchange Telecommunications) PROVIDE LOCAL
Services within the State of South Carolina.) SERVICES

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application Credit Loans, Inc. d/b/a Lone Star Telephone Company ("Lone Star" or the "Company") requesting a Certificate of Public Convenience and Necessity to authorizing it to provide local exchange telecommunications services throughout the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1999) and the Regulations of the Public Service Commission of South Carolina.

By letter, the Commission's Executive Director instructed Lone Star to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The proposed Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. Lone Star complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was received from the South Carolina Telephone Coalition ("SCTC").

On March 15, 2000, counsel for SCTC filed with the Commission a Stipulation in which Lone Star stipulated that it would seek authority in non-rural local exchange ("LEC") service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until Lone Star provided written notice of its intent prior to the date of the intended service. Lone Star also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. Lone Star agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to Lone Star to provide local services provided the conditions contained in the Stipulation are met. The Stipulation was entered into the evidence of the hearing, and the Staff requested that the Stipulation be approved by the Commission. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on April 6, 2000, at 11:30 a.m., in the Commission's Hearing Room. The Honorable Philip T. Bradley, Chairman, presided. Lone Star was represented by John F. Beach, Esquire. Florence P. Belser, Staff Counsel, represented the Commission Staff.

Carolyn Ivey, Operations Manager of Lone Star, appeared and testified in support of the Application. Ms. Ivey adopted the prefiled testimony of Larry E. Miller, President of Lone Star. Lone Star is a privately-held Texas corporation, which has been granted a Certificate of Authorization to transact business in the State of South Carolina by the South Carolina Secretary of State.

Ms. Ivey offered that Lone Star possesses the necessary financial qualifications to provide the services for which it seeks authority. Lone Star provided, with its application, financial information to demonstrate its financial resources. Ms. Ivey acknowledged that Lone Star has sufficient current assets to cover its current debt and that Lone Star is operating at a profit at this time. Ms. Ivey also stated that Lone Star has the capital necessary to fund its proposed operations in South Carolina.

Regarding the Company's technical ability and managerial abilities to offer services in South Carolina, Ms. Ivey offered that Lone Star has sufficient technical and managerial resources and abilities to provide the services for which authority is sought. Ms. Ivey states that Lone Star's management team is composed of individuals who have significant business experience. As further evidence of the Company's abilities to provide the services for which authority is requested, Ms. Ivey offered that Lone Star is currently providing resold local services to several thousand customers in Texas and Oklahoma. The record also reveals that Lone Star's staff is competent in handling repair or trouble problems and is knowledgeable when explanations are necessary for the purpose and use of service options available to the customer. Additionally, Lone Star relies on the underlying carrier for more technical aspects of telecommunications as well as for meeting the service standards required. Service from the central office to the demarcation point is maintained by the ILECs and Lone star contracts with the ILEC to provide inside wire maintenance services.

Ms. Ivey explained that Lone Star's customer service department is staffed by 10 full-time customer service representatives. Customer service is available five days a week from 8:30 a.m. – 5:30 p.m. (Central Time). Customers have access to customer service representatives

through a toll-free number. Repair and maintenance may also be reached through a toll-free number.

Ms. Ivey testified that Lone Star intends to serve a niche market of customers who have found themselves in financial trouble with the ILECs. Lone Star does not require deposits from customers for service. Lone Star has not marketed its services in South Carolina prior to hearing, and Lone Star plans to market its services through mass advertising. At this time, Lone Star has no customers in South Carolina.

Ms. Ivey affirmed that Lone Star will provide services that meet the service standards of the Commission, that Lone Star will participate in the support of universally available telephone service at affordable rates as required by the Commission, and that the services provided by Lone Star will neither adversely impact the availability of universally affordable local exchange service nor adversely impact the public interest. According to Ms. Ivey, approval of the authority for Lone Star will provide consumers in South Carolina with additional choices of local service, and will offer increased efficiency to the existing telecommunications network. Ms. Ivey also testified that Lone Star will operate in compliance with the Commission's Rules and Regulations, orders and statutes.

According to the application and Ms. Ivey, Lone Star requests waivers of certain Commission regulations. First, Lone Star requests that it be allowed to maintain its books and records in accordance with Generally Accepted Accounting Principles ("GAAP"), rather than the Uniform System of Accounts ("USOA"). According to the record, Lone Star currently maintains its books in accordance with GAAP and does not possess the detailed cost data required by USOA. Second, Lone Star requests a waiver of Reg. 103-631 so that it will not be required to

publish its own local directory. The record reveals that Lone Star will make arrangements with the ILECs to include the listings of Lone Star' customers in the directories published by the ILECs. Third, Lone Star requests a waiver of any reporting requirement which is not applicable to competitive providers such as Lone Star. However, the record contains no request of a specific reporting requirement from which Lone Star seeks a waiver. Finally, Lone Star seeks a waiver of Reg. 103-610 which requires a company to keep its books and records within South Carolina. Lone Star desires to keep its books and records at its headquarters in Texas.

Upon consideration of the application and the record from the hearing, the Commission makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Lone Star is organized as a corporation under the laws of Texas and has received a certificate from the South Carolina Secretary of State to transact business within South Carolina as a foreign corporation.
2. Lone Star wishes to provide local exchange services within the State of South Carolina.
3. The Commission finds that Lone Star possesses the technical, financial, and managerial resources sufficient to provide the service requested. S.C. Code Ann. §58-9-280(B)(1) (Supp. 1999).
4. The Commission finds that Lone Star's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. §58-9-280(B)(3) (Supp. 1999).

5. The Commission finds that Lone Star will support universally available telephone service at affordable rates. S.C. Code Ann. §58-9-280(B)(4) (Supp. 1999).

6. The Commission finds that Lone Star will provide services which will meet the service standards of the Commission. S.C. Code Ann. §58-9-280(B)(2) (Supp. 1999).

7. The Commission finds that the provision of local exchange service by Lone Star “does not otherwise adversely impact the public interest.” S.C. Code Ann. §58-9-280(B)(5) (Supp. 1999).

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Lone Star to provide competitive intrastate local exchange services within the State of South Carolina. The terms of the Stipulation between Lone Star and the SCTC (attached hereto as Order Exhibit 1) are approved and adopted as a portion of this Order. Any proposal to provide local services to rural service areas is subject to the terms of the Stipulation. In accordance with the Stipulation, Lone Star may not provide any local service to a customer located in a rural incumbent LEC’s service area, unless or until Lone Star provides such rural incumbent LEC and the Commission, written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. The Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while it conducts any proceeding incident to the Petition or upon the Commission’s own Motion, provided that the Commission can further suspend the implementation date upon a showing of good cause. It is

specifically provided that all rights under Federal and State law are reserved to the rural incumbent LECs, and this Order in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications as they may be entitled. If, after notice from Lone Star that it intends to serve a customer located in a rural incumbent LEC's service area, and the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law, or if the Commission institutes a proceeding of its own, no service may be provided by Lone Star in a rural incumbent LEC's service area pursuant to this Order without prior and further Commission approval.

2. Lone Star shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and comporting with South Carolina law in all matters. Any proposed change in the rates reflected in the tariff for local services which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1999).

3. Lone Star shall resell or provide the services of only those companies authorized to provide telecommunications services in South Carolina by this Commission.

4. Lone Star shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

5. Lone Star shall file annual financial information in the form of annual reports and gross receipt reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, Lone Star shall keep such

financial records on an intrastate basis as needed to comply with the annual report and gross receipt filings.

6. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs Lone Star to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate 911 service authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association ("SC NENA") with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, Lone Star shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

7. The Company shall, in compliance with Commission regulations, designate and maintain authorized utility representatives who are prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the names of the authorized representatives

to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

Lone Star shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. (Attachment A shall be utilized for the provision of this information to the Commission.) Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

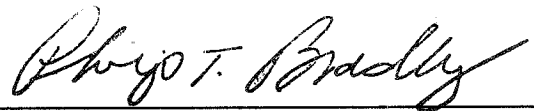
8. Lone Star shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

9. Lone Star requested waivers from certain Commission regulations and requirements. Specifically, Lone Star requested waivers from (1) any requirement to maintain books and records in compliance with the USOA, (2) the requirement found in Rule 103-631 to publish and distribute local exchange directories, (3) any reporting requirement which is not applicable to competitive providers such as Lone Star, and (4) the requirement contained in Rule 103-610 that all records be kept within the State of South Carolina. For good cause shown, the Commission finds and concludes that Lone Star should be granted waivers, as requested, from (1) maintaining books and records in compliance with the USOA, (2) the requirement contained in Reg. 103-631 to publish and distribute local exchange directories, and (3) the requirement contained in Reg. 103-610 that records be kept within the State of South Carolina. Lone Star has shown that it will maintain its books and records using GAAP which will allow the Commission to evaluate Lone Star's finances, if necessary. Lone star has also shown that it will Star arrange with the incumbent local exchange company to include the customers of Lone Star in the

directory listing of the ILEC directory. Also, Lone Star has indicated that it will make its records available for inspection upon request by the Commission if allowed to keep books and records at its principal place of business in Texas. However, the Commission at this time denies Lone Star's request that it be exempt from any report not applicable to a competitive local provider. This request is too nebulous and speculative to grant. Not a single reporting requirement was listed specifically in Lone Star's request for waiver. Lone Star will be subject to the same reporting requirements as all other CLECs. Lone Star is directed to comply with all Commission regulations, unless a regulation is specifically waived by the Commission.

10. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Executive Director

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 1999-507-C

Re: Application of Credit Loans, Inc. d/b/a Lone Star)
State Telephone Company for a Certificate of)
Public Convenience and Necessity to Provide)
Local Exchange Telecommunications Services)
in the State of South Carolina)
_____)

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Credit Loans, Inc. d/b/a Lone Star State Telephone Company ("Credit Loans, Inc.") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Credit Loans, Inc.'s Application. SCTC and Credit Loans, Inc. stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Credit Loans, Inc., provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. Credit Loans, Inc. stipulates and agrees that any Certificate which may be granted will authorize Credit Loans, Inc. to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. Credit Loans, Inc. stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. Credit Loans, Inc. stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until Credit Loans, Inc. provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Credit Loans, Inc. acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Credit Loans, Inc. stipulates and agrees that if Credit Loans, Inc. gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law, or the Commission institutes a proceeding of its own, then Credit Loans, Inc. will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Credit Loans, Inc. acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. Credit Loans, Inc. agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

9. Credit Loans, Inc. hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 13th day of March, 2000.

Credit Loans, Inc. d/b/a Lone Star State
Telephone Company:

John Q. Pringle, Jr.

South Carolina Telephone Coalition:

Margaret M. Fox

M. John Bowen, Jr.
Margaret M. Fox
McNAIR LAW FIRM, P.A.
Post Office Box 11390
(803) 799-9800

Attorneys for the South Carolina Telephone
Coalition

ATTACHMENT A

South Carolina Telephone Coalition Member Companies
for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.
Bluffton Telephone Company, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Hargray Telephone Company, Inc.
Heath Springs Telephone Company Inc.
Home Telephone Company, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company

April 25, 2000

ATTACHMENT A

AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-612.2.4(b) - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Test and Repairs, and Emergencies during non-office hours.

Company Name (Including dba Name(s) or Acronyms used or to be used in South Carolina)

Business Address

City, State, Zip Code

A.

General Manager Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

B.

Customer Relations (Complaints) Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

C.

Engineering Operations Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

D.

Test and Repair Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

E.

Contact for Emergencies During Non-Office Hours (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

F.

Financial Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

G.

Customer Contact Telephone Number for Company (Toll Free)

This form was completed by

Signature

**If you have any questions, contact the Consumer Services Department (803-896-5230)
or Utilities Department at (803-896-5105).**